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FINANCIAL REPORT OF ALL-CHINA FEDERATION OF TRADE UNIONSHsin-hua Yueh-pao
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[Comment: The following report is a condensation of a speech made by Li Tsai-wen on 3 May 1953 to the All-China Congress of Trade Unions on the financial conditions of the All-China Federation of Trade Unions.]

The management of our finances has been developed to fit the over-all expansion of the trade unions. Financial operations in the trade unions were initiated after the conclusion of the Sixth All-China Labor Congress and with the subsequent revival of the All-China Federation of Labor [now known as the All-China Federation of Trade Unions]. At present, the chief sources of trade-union financial receipts are payments made to the trade unions by the management of either government or private enterprises under agreements with trade unions. Other income is derived from dues paid by union members in accordance with the constitution of the All-China Federation of Trade Unions as adopted by the Sixth All-China Labor Congress. During the past 4 years, since the promulgation of the Trade-Union Law of the People's Republic of China, the payments by management to the trade unions have received legal sanction.

The following is a brief report of the financial situation of the All-China Federation of Trade Unions for the past 3 years.

<u>Income</u>	<u>No of Yuan</u>
Operating	
Membership dues 1951	18,110,000,000
" 1952	17,248,250,000
Other receipts 1950-1952	500,530,050,000
Total	556,658,500,000
Culture and education fund 1951-1952	72,715,650,000
Labor insurance general fund 1951-1952	240,072,580,000

(Does not include payments made directly by mines and factories to trade unions or income of trade unions on various levels)

Expenditures

Operating	
International activities	56,670,800,000
Cadre training and printing	66,767,630,000
Operating expenses for all organs of the All-China Federation of Trade Unions	337,829,530,000
Total	461,267,960,000
Culture and education fund, outlays	61,496,540,000
Labor insurance general fund, payments	163,469,210,000

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<u>Cash on Hand</u>	<u>No of Yuan</u>
Operating funds	25,000,000,000
Culture and education fund	10,000,000,000
Labor insurance general fund	75,000,000,000

Present Conditions

In examining this financial statement the following conditions are apparent.

Trade-union funds gradually increased in proportion to the expansion and development of production. The forces of the working class grew continuously, and the wage level was continuously raised; therefore, the gross amount of wages was continuously increased. The total income of the operating fund is financed by the total amount of wages; as wages increase, the funds will also naturally increase. Therefore, the more national construction is advanced, the more important will be attached to the trade-union operating funds. This is also connected to the working class and to the nation as a whole and is connected to the fundamental nature of the system of people's democracy. The total income of the fund in 1951, the lower level trade union fund, was 10.5 billion yuan, and the total income of the fund in 1950 was 10.3 billion yuan representing 10 percent of their distributable income. In 1951, the payments had increased to 370 million yuan. The Labor Insurance General Fund in 1951 totaled 10.5 billion yuan; in 1950, the same fund had increased to 137.8 million yuan, an increase of 21.4 percent over the previous year. The Culture and Education Fund totaled 4.3 billion yuan in 1951; in 1950 it amounted to 4.5 billion yuan, an increase of 4.7 percent. At the municipal level, for example, the income of trade unions in Beijing also increased annually; taking 1950 as base, the 1951 income was 1.6 times greater, the 1950 income was 1.6 times greater. The Culture and Education Fund in 1951 also increased 4.6 times, and in 1950, 1.3 times.

The funds of the trade unions also have helped the working class to elevate the material and cultural welfare of the working masses. These expenditures demonstrate the mass nature of the trade union financial operations, and explain why trade union funds should be subject to the supervision of the masses.

The financial operations of the trade unions have contributed by improving the material and cultural welfare of the masses of workers. The workers completely understand, through their own experience, that as production expands, their living conditions will improve. In this sense, the welfare and the health of any worker who has lived in a past time or in a past place (supported by trade-union funds) is directly connected to the welfare of the nation rate is effectively accelerated through such constructive financial activities.

Some comrades wonder why the trade unions are a link between management and why this must be a separate financial unit. They think that at present the government will undertake the financial work of trade unions further. This idea is not correct. To believe this is to say that such organizations of the working class, and government organizations are one and the same thing. These ideas would destroy the mass nature of trade-union organizations, and would also disregard the functions of the trade union as a link between the party and the working masses.

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It is quite true that many trade-union affairs are managed by the government; however, the trade unions also operate on behalf of the masses. Services which deal with improving the living conditions of the masses of workers, and which influence increasing production must both be entrusted to the masses. We must direct the masses to take care of their own operations, and not to rely on the government. This is one of the positive aims of Communist education. Moreover, when services to the masses are being expanded, the funds for the services should be controlled by the masses themselves. Independent financial operations must be set up in order to facilitate the positiveness of the workers and to utilize to the fullest the appropriated sum of money to fulfill the needs of the workers. We must recognize that trade-union financial activities are the most important means of guaranteeing the physical welfare of the whole trade union.

In the present stage of financial activities in the trade unions, the following problems still exist.

Tendency to Neglect Politics

For a long time it was not clear to the unions that financial activities were a service to production and to the masses and of great political significance. This misconception was apparent in the following situations

Trade-union finances were widely considered as purely technical work by the financial cadres. In their handling of trade-union funds they were interested only in the collection and in the administration of the funds, and paid no attention to the use of the funds. They did not know how to use the funds as a means of solidifying the relations between trade-union agencies and the masses.

The isolation of trade-union finances from trade-union work as a whole created a situation in which financial activities were completely isolated from the over-all work of the trade union.

Those in control of trade-union funds seldom or never gave much attention to those in charge of other activities. Those in charge of furnishing cadres to the unions pay little or no attention to the needs of the masses, or to the development of collective welfare services. For instance, in the last few financial conferences or at other conferences where financial problems were discussed, there was more attention given to arguments about allocation of cadres than to the discussion of the needs and aspirations of the masses.

The trade unions have accumulated a great sum of money, but as soon as they start any service program they stretch out their hands to the government or to the administration of enterprises for money.

What is done with the trade-union funds? The masses are not told or given any explanations about it. How is the money used? The masses are not consulted nor are their opinions sought as to the use of the money. Financial decisions are made only subjectively. After the money is used, the masses are not given a report and the accounts are not subjected to the supervision of the masses.

Control of Funds

Operations of the funds of the national trade union do not have a unified method or system of control. Great sums of money were saved up, but there was no accounting [on these sums]. The leaders of the All-China Federation of Trade Unions did not have any figures regarding the vital financial operations

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which indicates that they barely knew the status of the funds controlled by the federation nor did they have a grasp of the over-all figures of the Culture and Education Fund nor of the Labor Insurance Fund, nor of the status of the income and expenditure of these funds. Because we do not have these vital figures we cannot formulate a definite program to carry out our activities, and cannot draft a coordinated and practical plan for these activities. Consequently, in carrying out and rendering various activities and services there is much recklessness and confusion in the spending of various funds.

The total of all types of funds on hand of the All-China Federation of Trade Unions, according to incomplete statistics of March 1953, was 262.7 billion yuan.

As a matter of fact, the accumulation of cash on hand is not a mistake in financial work. In fact, in carrying out some large operations the accumulation of funds is not only possible but imperative, but at present we are accumulating funds unwisely and without any plan. Moreover, we have not reached the period when we can accumulate funds, because we are not carrying out a sufficient number of activities and services.

Our chief aim ought to be the solution of the problem of meeting the requirements of the masses. Under these circumstances we must acknowledge that the storing up of funds is wrong.

Supervision

There is a lack of democratic control and of supervision by the masses in financial activities. Statements of financial conditions are issued sporadically and the accounts are not reported to the masses. The masses only see money paid into the trade union; they see no financial report of what is being done with the money. This situation is unsatisfactory. When the status of the fund is reported and the funds are supervised by the masses, the workers are satisfied; trade-union operations also expand and prosper and the constructive attitude of the workers in production is also improved.

Complex Control Systems

There is no coordinated, scientific, and practical financial system and no special agencies and specially assigned cadres responsible for the control of the funds. Consequently, the situation arises where everybody in control means nobody in control, and this breeds waste and extravagance. During the Three Antis and The Five Antis Movements, many situations of this sort were uncovered; more remains to be corrected.

In establishing its financial system, the All-China Federation of Trade Unions also made the mistake of being too subjective. The setting up of controls was too premature, too complex, and too hasty. There were too many systems. Some of them were confusing and impractical. They were very difficult to carry out on the basic level. There were several systems, however, which were fairly efficiently installed, but very often the cadres did not understand them, and the masses understood them even less and thought that the financial cadres were deceiving them. Installation of complex financial systems is not proper at the present stage of development of the All-China Federation of Trade Unions, and poses difficulties in various aspects of financial work.

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From the problems mentioned above, it is apparent that as yet we have not succeeded in obtaining complete control of all our own affairs, and we do not have the support of the working class of the nation. The large sum of money which is accumulated has aroused dissatisfaction among certain sections of the masses. In sincerely criticizing ourselves these are the reasons why we have not done a good job of management: (1) lack of experience, which is natural; (2) the leadership of the All-China Federation of Trade Unions lacks direct control over financial operations; and (3) there is also a lack of government direction and control and of ideological direction. The chief reasons for these deficiencies are: First, during the long period under the old system, the masses were accustomed to having their lives directed by the state, and they were not accustomed to being united, nor to taking the initiative in business transaction. Second, we look at the large-scale operations of the working class from the viewpoint of the peasant or of the small producer, and hoard large sums of money rather than using the money for mass operations.

In trade-union financial work, there are several problems which have not yet been overcome; the leadership of the All-China Federation of Trade Unions is charged with this important task.

During the Three Antis, and the Five Antis movements, many problems were discovered. Last July, at the Joint Conference of Administrative Area Trade-Union Chiefs, our honored chairman, Liu Shao-chi, gave an over-all directive. To start in on this work the All-China Federation of Trade Unions has instituted certain new regulations; but at present some of the old regulations which are not practical still remain unchanged. So, in reality the entire problem has not been solved. Therefore, we must have a thorough investigation of bureaucracy in trade-union financial operations.

To accomplish its required program during the period of national construction, the financial work of the trade union must be enormously improved.

We must strengthen the ideological leadership at all levels, we must make the cadres of the trade unions aware of the fact that the trade union finance is never an isolated piece of technical work, but is a political activity of great significance. The aim of the financial activities of the trade union is to be of service to production and to the masses. With this in mind we must truly work toward doing a good job in collecting, administering, and using trade-union funds. Collection and administration of the funds must be directed towards the use of the funds. If the funds are not well used it will certainly affect the income, that is the collection of the funds, which is dependent on dues of the members. If the funds are well-used then the members are happy to pay. To use the funds well raises the confidence of the masses in their own organization and also develops the value of production.

Future Program

How can we do a good job of using the funds? First, we must have a plan, an operational plan and a financial plan. Without a definite program, financial activities will not build up trade-union work, and will not guarantee the building up of the material resources of the trade union.

We must continue our revisions of the financial work which has already been started; to achieve centralized control of the All-China Federation of Trade Unions, and to build the foundation for progress in financial independence. In revising the present financial system we must begin with the following points:

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1. Revise Our Thinking

We must carry on the fight against subjectivism; we must carry on the struggle against bureaucratic leadership, and recognize the fact that financial services to the working masses differ from financial services to government agencies and cadres. We must establish a definite policy in finance in order to achieve uniformity in thinking and understanding. Without unification, improvements in financial activities are impossible.

2. Revise Our Organizational System

We must establish and strengthen financial agencies of the trade union at all levels; improve the controls of operational funds and establish special agencies for the management of these operational funds, and decisively eliminate irresponsible officials and decentralized control.

We must set up a scientific financial system which is well integrated, positive, and simple; and decisively eliminate the situation of no accounting for vital expenses. We must change those old systems and regulations of formalism which do not conform to reality.

3. Organize Our Funds

We must consider funds from the point of view of use; in this we must examine the present funds and decide what service is important and what is unimportant, what is urgent and what can be deferred. We must have discussions with the masses, in order to solve the pressing problems of the masses; we must decisively oppose hoarding of funds, as well as subjectivism and irresponsible officials. On the other hand, we should also review past experiences in order to set up a really operable budget to make proper use of the funds.

4. Strengthen Collective Leadership in Financial Activities

There should be periodical reports to the masses and mass supervision. The financial records should be checked to overcome the evils of bribery and waste. We must see that the funds are used to the profit of production and of the working masses.

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